TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:	2. STATE:
0 3 — 0 0 7	Indiana

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
   HEALTH CARE FINANCING ADMINISTRATION
   DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2003

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN   ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN   ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.271, 447.272, 447.321

7. FEDERAL BUDGET IMPACT:
a. FFY 2003 $0
b. FFY 2004 $0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

1 I

Attachment 4.19-A, page 1H-1M

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Attachment 4.19-A, pgs 1-I through 1-VI

10. SUBJECT OF AMENDMENT:

Medicaid add-on payment for Hospital Care for the Indigent Program services

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT   ☐ OTHER, AS SPECIFIED:
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:
Melanie Bella

13. TYPED NAME:
Melanie Bella

14. TITLE:
Assistant Secretary, OMPP

15. DATE SUBMITTED:
8/27/03

16. RETURN TO:

Melanie Bella
Assistant Secretary
Office of Medicaid Policy & Planning
402 W. Washington, Rm W382
Indpls., IN 46204
ATTN: T Brunner, State Plan Coordinator

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: 08/10/2004

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 07/01/2003	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME:	22. TITLE: RECEIVED

23. REMARKS: *Change in Block #8, should be 1I thru 1M per Tracy Brunner: 9/10/03*

AUG 2 9 2003

DMCH - IL/IN/OH

State of Indiana   Attachment 4.19-A
                                                         Page 1L

STEP 6C: Calculate the sum of the amounts calculated for those counties under STEP 6(B).

STEP 6D: Identify each hospital: (1) which receives a payment under STEP 4 above that is less
than the total amount (using the office's fee for service reimbursement rates) of the hospital's care
in (1) of STEP 3A above during the state fiscal year; and (2) which could receive additional
reimbursement for the services identified for the hospital under STEP 1 above without exceeding
any applicable upper payment limit under 42 CFR § § 447.271 or 447.272.

STEP 6E: Calculate for each hospital identified in STEP 6D the difference between the
hospital's payment under STEP 4 above and the total amount (using the office's fee for
service reimbursement rates) of the hospital's care in (1) of STEP 3A above during the state
fiscal year.

STEP 6F: Calculate the sum of the amounts calculated for each of the hospitals under STEP
6E.

STEP 6G: For each hospital identified in STEP 6D, calculate the hospital's percentage share
of the amount calculated under STEP 6F. Each hospital's percentage share is based on the
amount calculated for the hospital under STEP 6E calculated as a percentage of the sum
calculated under STEP 6F.

STEP 6H: For each hospital identified in STEP 6D, multiply the hospital's percentage share
calculated under STEP 6G by the sum calculated under STEP 6C.

STEP 7: Subject to STEP 8, the office shall pay to each eligible hospital identified in STEP 6 a Medicaid
add-on payment equal to the amount calculated for the hospital under STEP 6H and, in doing so, shall
allocate the amount of the payment to each of the hospital services identified for the hospital under
STEP 1.

STEP 8: The office's allocation of a payment described in STEP 7 for a hospital's Medicaid covered
inpatient service shall be limited to an amount that, when combined with the amount that is the sum of
reimbursements previously paid for the service as calculated under STEP 2 and STEP 4, does not exceed
either (1) the amount of the upper payment limit for inpatient hospital services under 42 C.F.R. § 447.271
and 42 C.F.R. § 447.272; or (2) the amount attributable to the hospital's inpatient hospital services that
are rendered to each individual described in STEP 3A(1).

Total non-federal share of payments to hospitals under this program for each state fiscal year may not
exceed the amount equal to the product calculated when the amount transferred to the Medicaid indigent
care trust fund by counties is multiplied by the state Medicaid medical assistance percentage for the state
fiscal year for which the payments are made.

TN No. 03-007   AUG 1 0 2004
Supersedes   Approval Date _____   Effective Date July 1, 2003
TN No. 99-005

State of Indiana   Attachment 4.19-A
                                                                        Page 1M

In the event there are insufficient state matching funds to pay each hospital the amounts calculated, the amount paid to each hospital will be reduced proportionate to the amount of the deficiency of funds. Payments shall be made prior to December 15 that next succeeds the end of the state fiscal year.

EFFECTIVE DATE Subject to approval by CMS, these payments are to be effective on July 1, 2003.

TN No. 03-007   AUG 10 2004
Supersedes   Approval Date _____   Effective Date July 1, 2003
TN No. 99-005

State of Indiana   Attachment 4.19-B
                                                         Page 2.8

MEDICAID HOSPITAL REIMBURSEMENT ADD-ON PAYMENT METHODOLOGY TO
COMPENSATE HOSPITALS THAT DELIVER HOSPITAL CARE FOR THE INDIGENT
PROGRAM SERVICE

In order to be eligible for and to receive a payment under the Indiana Hospital Care for the
Indigent Care (HCI) program, a hospital must (1) be enrolled in and be providing services to
patients enrolled in the Indiana Medicaid program during the state fiscal year for which payment
is being made; and (2) have an audited cost report from the most recent common state fiscal year
for which audited cost reports are on file with the office for all potentially eligible hospitals on
June 30 of a preceding state fiscal year, unless extenuating circumstances exist. Hospitals that are
no longer accepting Medicaid and HCI patients shall not receive payment under this section.
Reimbursement under this program will be in the form of Medicaid add-on payments. The
Medicaid add-on payments will provide additional reimbursement to eligible hospitals for the
Medicaid-covered hospital services the hospitals provide to Medicaid enrollees. The amount and
availability of the add-on payments will be limited by the upper payment limit imposed under 42
C.F.R. §§ 447.321, the amount of services rendered to Medicaid and HCI patients, and the rates
for outpatient hospital services as stated in Attachment 4.19-B, Page 2 of this state plan. The
add-on payments will be calculated and paid using the formula set forth below.

An eligible hospital for HCI purposes is defined as an acute care hospital licensed under Indiana
Code 16-21, as defined and interpreted in the disproportionate share payment section of the
Indiana Medicaid state plan amendment, and as defined and interpreted under the prior Medicaid
HCI add-on payment methodology.

<div align="center">PAYMENT FORMULA</div>

In accordance with I.C. 12-15-15-9.6, for each state fiscal year beginning July 1, 2003 and
thereafter, the total Medicaid HCI add-on payments to hospitals for a state fiscal year shall not
exceed an amount equal to all amounts transferred from the hospital care for the indigent fund to
the Medicaid indigent care trust fund, including amounts attributable to each county's *ad
valorem* HCI property tax levy, for a state fiscal year. A Medicaid add-on payment due to an
eligible hospital must be based on a formula that provides additional Medicaid reimbursement
for outpatient hospital services the hospital provides to Medicaid enrollees. The amount and
availability of a Medicaid add-on payment for a hospital will be limited by the upper payment
limits imposed under 42 CFR § 447.321. Variations in the amount of Medicaid add-on payments
paid to eligible hospitals will be based upon the amount of outpatient hospital services an eligible
hospital provides to Medicaid enrollees, the hospital's HCI patient case-load, and the amount of
funds, including a county's *ad valorem* HCI property tax levy, transferred to the state hospital
care for the indigent fund by each county to which one or more of the eligible hospital's HCI
claims are attributed.

TN No. 03-007   AUG 1 0 2
Supersedes   Approval Date _____   Effective Date July 1, 2003
TN No. new

State of Indiana   Attachment 4.19-B
                                                    Page 2.9

STEP 1: For each eligible hospital, the Office of Medicaid Policy and Planning ("office") shall identify the outpatient hospital services the hospital provided to Medicaid enrollees during the state fiscal year.

STEP 2: For each eligible hospital, the office shall calculate the amount of Medicaid reimbursement paid to the hospital for covered outpatient hospital services the hospital provided to Medicaid enrollees identified in STEP 1.

STEP 3: For each eligible hospital, the office shall calculate an amount equal to the amount calculated under STEP 3F of the following formula:

STEP 3A: Identify:

(1) Each eligible hospital that provided necessary emergency medical care during the state fiscal year to an individual who qualifies under IC 12-16-3.5 et seq. and the rules promulgated thereunder, and;

(2) the county of residence of the individual or, if the individual was not a resident of Indiana or the individual's Indiana county of residence cannot be ascertained, the county where the onset of the medical condition that necessitated the individual's emergency medical care occurred.

STEP 3B: For each county identified in (2) of STEP 3A, identify:

(1) each eligible hospital that provided care described in (1) of STEP 3A attributed to the county during the state fiscal year; and

(2) the total amount (using the office's fee for service reimbursement rates) of all eligible hospital episodes of care described in (1) of STEP 3A attributed to the county during the state fiscal year.

STEP 3C: For each county identified in (2) of STEP 3A, identify the amount of the county's HCI funds, including its HCI *ad valorem* property taxes, transferred from the hospital care for the indigent fund to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b).

STEP 3D: For each eligible hospital identified in (1) of STEP 3A, with respect to each county identified in (2) of STEP 3A, calculate the hospital's percentage share of the county's HCI funds transferred to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b). Each hospital's percentage share is based on the total amount (using the office's fee for service reimbursement rates) of the hospital's care described in (1) of STEP 3A attributed to the county during the state fiscal year, calculated as a percentage of the total amount (using the office's fee for service reimbursement rates) of all hospital care described in (1) of STEP 3A attributed to the county during the state fiscal year.

AUG 1 0 2004

TN No. 03-007
Supersedes   Approval Date _____   Effective Date July 1, 2003
TN No. new

State of Indiana   Attachment 4.19-B
                                                    Page 2.10

STEP 3E: For each hospital identified in (1) of STEP 3A, with respect to each county identified in (2) of STEP 3A, multiply the hospital's percentage share calculated under STEP 3D by the amount of the county's HCI funds transferred from the hospital care for the indigent fund to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b).

STEP 3F: Determine the sum of all amounts calculated under STEP 3E for each eligible hospital identified in (1) of STEP 3A with respect to each county identified in (2) of STEP 3A.

STEP 4: Subject to STEP 5 and STEP 6, the office shall pay to each eligible hospital a Medicaid add-on payment equal to the amount calculated for the hospital under STEP 3F and, in doing so, shall allocate the amount of the payment to each of the Medicaid covered hospital services identified for the hospital under STEP 1.

STEP 5: The office's allocation of a payment described in STEP 4 for a hospital's Medicaid-covered outpatient service shall be limited to an amount not to exceed either (1) the amount that, when combined with the amount of reimbursement previously paid for the service as calculated under STEP 2, does not exceed the upper payment limit for outpatient hospital services under 42 C.F.R. § 447.321; or (2) the amount attributable to the hospital's outpatient hospital services identified in STEP 1 that are rendered to an individual described in STEP 3(A)(1).

STEP 6: For any eligible hospital: (1) which receives a payment under STEP 4 that is less than the total amount (using the office's fee for service reimbursement rates) of the hospital's care in (1) of STEP 3A above during the state fiscal year; and (2) which could receive additional reimbursement for the services identified for the hospital under STEP 1 above without exceeding any applicable upper payment limits under 42 CFR § 447.321, the office shall calculate an amount equal to the amount calculated for the hospital under STEP 6H below:

STEP 6A: Identify each county whose transfer of HCI funds to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b) for the state fiscal year was less than the total amount (using the office's fee for service reimbursement rates) of all hospital care identified in (1) in STEP 3A above attributed to the county during the state fiscal year.

STEP 6B: For each county identified in STEP 6A, calculate the difference between the amount of HCI funds of the county transferred to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b) and the total amount (using the office's fee for service reimbursement rates) of all hospital care identified in (1) of STEP 3A above attributed to the county during the state fiscal year.

TN No. 03-007   AUG 1 0 2004
Supersedes   Approval Date _____   Effective Date July 1, 2003
TN No. new

State of Indiana   Attachment 4.19-B
                                                         Page 2.11

STEP 6C: Calculate the sum of the amounts calculated for the counties under STEP
6(B).

STEP 6D: Identify each hospital: (1) which receives a payment under STEP 4 above that is
less than the total amount (using the office's fee for service reimbursement rates) of the
hospital's care in (1) of STEP 3A above during the state fiscal year; and (2) which could
receive additional reimbursement for the services identified for the hospital under STEP 1
above without exceeding any applicable upper payment limit under 42 CFR § 447.321.

STEP 6E: Calculate for each hospital identified in STEP 6D the difference between
the hospital's payment under STEP 4 above and the total amount (using the office's
fee for service reimbursement rates) of the hospital's care in (1) of STEP 3A above
during the state fiscal year.

STEP 6F: Calculate the sum of the amounts calculated for each of the hospitals under
STEP 6E.

STEP 6G: For each hospital identified in STEP 6D, calculate the hospital's percentage
share of the amount calculated under STEP 6F. Each hospital's percentage share is
based on the amount calculated for the hospital under STEP 6E calculated as a
percentage of the sum calculated under STEP 6F.

STEP 6H: For each hospital identified in STEP 6D, multiply the hospital's percentage
share calculated under STEP 6G by the sum calculated under STEP 6C.

STEP 7: Subject to STEP 8, the office shall pay to each eligible hospital identified in STEP 6 a
Medicaid add-on payment equal to the amount calculated for the hospital under STEP 6H and, in
doing so, shall allocate the amount of the payment to each of the hospital services identified for
the hospital under STEP 1.

STEP 8: The office's allocation of a payment described in STEP 7 for a hospital's Medicaid-
covered outpatient service shall be limited to an amount that, when combined with the amount of
reimbursement previously paid for the service as calculated under STEP 2 and STEP 4, does not
exceed either (1) the amount of the upper payment limit for outpatient hospital services under 42
C.F.R. § 447.321; or (2) the amount attributable to the hospital's outpatient hospital services
identified in STEP 1 that are rendered to an individual described in STEP 3(A)(1).

Total non-federal share of payments to hospitals under this program for each state fiscal year
may not exceed the amount equal to the product calculated when the amount transferred to the
Medicaid indigent care trust fund by counties is multiplied by the state Medicaid medical
assistance percentage for the state fiscal year for which the payments are made.

TN No. 03-007   AUG 1 0 2004
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State of Indiana   Attachment 4.19-B
                                                     Page 2.12

In the event there are insufficient state matching funds to pay each hospital the amounts calculated, the amount paid to each hospital will be reduced proportionate to the amount of the deficiency of funds. Payments shall be made prior to December 15 that next succeeds the end of the state fiscal year.

EFFECTIVE DATE Subject to approval by CMS, these payments are to be effective on July 1, 2003.

TN No. 03-007   AUG 1 0 2004
Supersedes   Approval Date _____   Effective Date July 1, 2003
TN No. new

State of Indiana

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Attachment 4.19-A
Page 1I
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MEDICAID HOSPITAL REIMBURSEMENT ADD-ON PAYMENT METHODOLOGY TO COMPENSATE HOSPITALS THAT DELIVER HOSPITAL CARE FOR THE INDIGENT PROGRAM SERVICE

In order to be eligible for and to receive a payment under the Indiana Hospital Care for the Indigent Care (HCI) program, a hospital must (1) be enrolled in and be providing inpatient services to patients enrolled in the Indiana Medicaid program during the state fiscal year for which payment is being made; and (2) have an audited cost report from the most recent common state fiscal year for which audited cost reports are on file with the office for all potentially eligible hospitals on June 30 of a preceding state fiscal year, unless extenuating circumstances exist. Hospitals that are no longer accepting Medicaid and HCI patients shall not receive payment under this section. Reimbursement under this program will be in the form of Medicaid add-on payments. The Medicaid add-on payments will provide additional reimbursement to eligible hospitals for the Medicaid-covered hospital services the hospitals provide to Medicaid enrollees. The amount and availability of the add-on payments will be limited by the charge limit and the upper payment limit pursuant to 42 C.F.R. §§ 447.271 and 447.272, the amount of services rendered to Medicaid and HCI patients, and the rates for inpatient hospital services as stated in Attachment 4.19-A, Pages 1A through Page 1G of this state plan. The add-on payments will be calculated and paid using the formula set forth below.

An eligible hospital for HCI purposes is defined as an acute care hospital licensed under Indiana Code 16-21, as defined and interpreted in the disproportionate share payment section of the Indiana Medicaid state plan amendment, and as defined and interpreted under the prior Medicaid HCI add-on payment methodology. I.C. 12-15-15-8 contained the payment methodology that was used to determine and make payments under the HCI program prior to state fiscal year 1998 and therefore, will not be used to calculate the payments for each state fiscal year beginning July 1, 1997 and thereafter.

PAYMENT FORMULA

In accordance with I.C. 12-15-15-9.6, for each state fiscal year beginning July 1, 2003 and thereafter, the total Medicaid HCI add-on payments to hospitals for a state fiscal year shall not exceed an amount equal to all amounts transferred from the hospital care for the indigent fund to the Medicaid indigent care trust fund, including amounts attributable to each county's *ad valorem* HCI property tax levy, for a state fiscal year. A Medicaid add-on payment due to an eligible hospital must be based on a formula that provides additional Medicaid reimbursement for inpatient hospital services the hospital provides to Medicaid enrollees. The amount and availability of a Medicaid add-on payment for a hospital will be limited by the upper payment limits imposed under 42 CFR § § 447.271 and 447.272. Variations in the amount of Medicaid add-on payments paid to eligible hospitals will be based upon the amount of inpatient hospital services an eligible hospital provides to Medicaid enrollees, the hospital's HCI patient case-load, and the amount of funds, including a county's *ad valorem* HCI property tax levy, transferred to the state hospital care for the indigent fund by each county to which one or more of the eligible hospital's HCI claims are attributed.

TN No. 03-007
Supersedes
TN No. 99-005

AUG 1 0 2004

Approval Date _____

Effective Date July 1, 2003

State of Indiana   Attachment 4.19-A
                                                                        Page 1J

STEP 1: For each eligible hospital, the Office of Medicaid Policy and Planning ("office") shall identify the inpatient hospital services the hospital provided to Medicaid enrollees during the state fiscal year.

STEP 2: For each eligible hospital, the office shall calculate the amount of Medicaid reimbursement paid to the hospital for covered hospital services the hospital provided to Medicaid enrollees identified in STEP 1.

STEP 3: For each eligible hospital, the office shall calculate an amount equal to the amount calculated under STEP 3F of the following formula:

STEP 3A: Identify:

(1) Each eligible hospital that provided necessary emergency medical care during the state fiscal year to an individual who qualifies under IC 12-16-3.5 et seq. and the rules promulgated thereunder, and;

(2) the county of residence of the individual or, if the individual was not a resident of Indiana or the individual's Indiana county of residence cannot be ascertained, the county where the onset of the medical condition that necessitated the individual's emergency medical care occurred.

STEP 3B: For each county identified in (2) of STEP 3A, identify:

(1) each eligible hospital that provided care described in (1) of STEP 3A attributed to the county during the state fiscal year; and

(2) the total amount (using the office's fee for service reimbursement rates) of all eligible hospital episodes of care described in (1) of STEP 3A attributed to the county during the state fiscal year.

STEP 3C: For each county identified in (2) of STEP 3A, identify the amount of the county's HCI funds, including its HCI ad valorem property taxes, transferred from the hospital care for the indigent fund to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b).

STEP 3D: For each eligible hospital identified in (1) of STEP 3A, with respect to each county identified in (2) of STEP 3A, calculate the hospital's percentage share of the county's HCI funds transferred to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b). Each hospital's percentage share is based on the total amount (using the office's fee for service reimbursement rates) of the hospital's care described in (1) of STEP 3A attributed to the county during the state fiscal year, calculated as a percentage of the total amount (using the office's fee for service reimbursement rates) of all hospital care described in (1) of STEP 3A attributed to the county during the state fiscal year.

TN No. 03-007   AUG 1 0 2004
Supersedes   Approval Date _____   Effective Date July 1, 2003
TN No. 99-005

State of Indiana   Attachment 4.19-A
                                                                         Page 1K

STEP 3E: For each hospital identified in (1) of STEP 3A, with respect to each county identified in (2) of STEP 3A, multiply the hospital's percentage share calculated under STEP 3D by the amount of the county's HCI funds transferred from the hospital care for the indigent fund to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b).
STEP 3F: Determine the sum of all amounts calculated under STEP 3 E for each eligible hospital identified in (1) of STEP 3A with respect to each county identified in (2) of STEP 3A.

STEP 4: Subject to STEP 5 and STEP 6, the office shall pay to each eligible hospital a Medicaid add-on payment equal to the amount calculated for the hospital under STEP 3F and, in doing so, shall allocate the amount of the payment to each of the Medicaid covered inpatient hospital services identified for the hospital under STEP 1.

STEP 5: The office's allocation of a payment described in STEP 4 for a hospital's Medicaid covered inpatient service shall be limited to an amount not to exceed either (1) the amount that, when combined with the amount of reimbursement previously paid for the service as calculated under STEP 2, does not exceed the upper payment limit for inpatient hospital services under 42 C.F.R. § 447.271 and 42 C.F.R. § 447.272; or (2) the amount attributable to the hospital's inpatient hospital services that are rendered to each individual described in STEP 3A(1).

STEP 6: For any eligible hospital: (1) which receives a payment under STEP 4 that is less than the total amount (using the office's fee for service reimbursement rates) of the hospital's care in (1) of STEP 3A above during the state fiscal year; and (2) which could receive additional reimbursement for the services identified for the hospital under STEP 1 above without exceeding any applicable upper payment limits under 42 CFR § § 447.271 or 447. 272, the office shall calculate an amount equal to the amount calculated for the hospital under STEP 6H below:

STEP 6A: Identify each county whose transfer of HCI funds to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b) for the state fiscal year was less than the total amount (using the office's fee for service reimbursement rates) of all hospital care identified in (1) in STEP 3A above attributed to the county during the state fiscal year.

STEP 6B: For each county identified in STEP 6A, calculate the difference between the amount of HCI funds of the county transferred to the Medicaid indigent care trust fund under STEP FOUR of IC 12-16-7.5-4.5(b) and the total amount (using the office's fee for service reimbursement rates) of all hospital care identified in (1) of STEP 3A above attributed to the county during the state fiscal year.

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